

REPORT FROM THE SEMINAR ON EMPLOYEE – EMPLOYER CO-OPERATION IN THE DANSKE BANK GROUP, VILNIUS 14TH – 16TH OF SEPTEMBER 2008

BALTIC EMPLOYEES SEE NEED FOR REPRESENTATION

Employees in the Danske Bank branches in Lithuania and Latvia do not have employee associations, trade unions or works councils on the national level today. But that doesn't mean that they don't see benefits and even a need for collective representation. This was one of the issues discussed by employee representatives from eight different countries and management representatives from the Danske Bank Group at a seminar in Vilnius in September. The seminar was the last of three major activities in an EU-funded project focusing on the co-operation between employees and employer in the Danske Bank Group.

BY ANDERS LYAGER OLSEN

The employees in Danske Bankas Lithuania and Danske Banka Latvia understand the concept of employee representation. The majority of employees in Danske Banka Latvia feel that employee representatives will represent employees' interests most efficiently. And 6 of 10 employees in Danske Bankas Lithuania find that employee representation in a company is highly necessary.

But it is one thing to understand the concept of employee representation and the benefits that it could bring about in its "ideal type". And it is a very different thing believing that it will actually work in your concrete every day life. And that difference seems to be one of the main reasons that the Danske Bank Group employees in the Baltic countries do not feel any urge to create collective representative bodies.

Those were among the main conclusions of mini-surveys that Ausra Narbunte



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LAURA ZNOTINA, DANSKE BANKA LATVIA, MEMBER OF THE DANSKE BANK GROUP EUROPEAN WORKS COUNCIL

and Laura Znotina, the Lithuanian and Latvian employee representatives in the Danske Bank Group European Works Council (EWC), made of their colleagues as preparation for a seminar focusing on employee representation in the three Baltic countries. The results of the surveys were presented to Danish, Swedish, Finnish, Irish, Northern Irish and Norwegian employee representatives in the Danske

Bank Group and representatives of both local and Group management at a 2½ day seminar in Vilnius in mid-September.

The purpose of the seminar was to give the participants a better understanding of the situation of employee representation in the Baltic Countries and to have a dialogue involving management and employee representatives with different



THE PARTICIPANTS AT THE SEMINAR GATHERED AT THE BEAUTIFUL BELMONTAS RESATURANT IN VILNIUS



SAULIUS KAKTYS, HEAD OF THE BALTIC HR DEPARTMENT IN THE DANSKE BANK GROUP

views or styles of collaboration between management and employees. Having management representatives present throughout the entire seminar definitely qualified the debate.

HISTORICAL AND SOCIO-ECONOMICAL BACKGROUND

To understand the attitude towards employee representation in present day Lithuania, Latvia and Estonia it is useful to look at the past. More than 45 years of Soviet occupation ended in the early days of the 1990's in Baltic countries. Most of the population had very strong anti-Soviet feelings. And in many ways employee representation is linked to the communist era. This is one of the main reasons that most Lithuanians and Latvians may have reservations towards forming or joining employee representative bodies.

Since independence the Baltic countries have gone through massive changes and have politically and socially made giant steps to distance themselves from the Soviet era. And in the last half decade, the Baltic countries have been described as the European tiger economies. Unemployment has plummeted and wages in for example the financial sector have increased dramatically. And according to authorities on the matter, the Baltic countries provide an excellent climate for investment.

HOPELESSNESS AND RISK OF POVERTY

But the socio-economic development of the Baltic countries has a serious dark side according to Professor Charles Woolfson, who caught all participants' attention with a blunt presentation on the state of the Baltic countries. Statistics were presented that showed how social in-equality, risk of poverty, homicide and suicide rates and traffic accidents in Lithuania, Latvia and Estonia are all among the worst in the European Community. In fact the peoples of these three countries have to look 20 to 30 years ahead before reaching an income level of 75 percent of the average of the EU countries.

Charles Woolfson concluded that this paints a picture of countries where hopelessness plays a central role and where people are incited to focus on themselves first...and second and third. To back this conclusion he presented statistics showing that very few Lithuanians, Latvians and Estonians participate in voluntary work and that at least three out of four in the Baltic countries feel that salary issues are best of all discussed individually between employer and employee – and not on a collective level. And even more telling is what all Baltic countries are experiencing every day: a massive emigration of skilled persons. Many of these take jobs below their educational level and still don't have any intentions of moving back.

HARD OR SOFT LANDING?

There's no question that the high flying years of the Baltic economies are ending. According to Professor Charles Woolfson it will be a hard landing and according to Saulius Kaktys, head of the Baltic HR Division in the Danske Bank Group, it will be soft. But land it will.

This conclusion let some participants to ask whether an up-coming recession wouldn't encourage people to look towards collective representation on employee level to enable employees to negotiate with management on issues such as job security or wage raises. The answer from the Lithuanian and Latvian members of the EWC was that maybe it will and maybe it won't. The fact is that the employees have very limited concrete knowledge about employee representation and very little faith in its efficiency if established. And to many Lithuanians and Latvians trade unions and works councils still carry a strong scent of the communist era.

VAST DIFFERENCES

But it is not only the historical and sociological background that makes vast differences between the situation of employee representation in the Baltic countries and the other countries within the Danske Bank Group. Take the "typical" employee for example. Saulius Kaktys and Jurate Daciene of HR in Danske Bankas Lithuania showed that in Lithuania she (72 % of

the employees being women) is around 30 years old, holds a bachelor or masters degree from the university and has experienced large salary increases in most of her working career. And then she feels that she has a good and close relationship to local management, which is the person she goes to if there's a need to discuss problems. Laura Znotina from Danske Banka Latvia could confirm that the typical employee in Latvia looks similar.

Although there are differences between the other countries represented in the Danske Bank Group, it's fair to say that the typical employee looks different. He or she (the gender ratio is more even) is probably 10 to 15 years older and has learned the trade of banking in a bank – perhaps combined with a short external education. The typical employee has been a member of the trade union all his/her working career and has always been represented by the union or the local shop steward when the employees have wanted to confront management with an issue. Furthermore the typical employee in the Nordic countries or Ireland has experienced recessions and mass redundancies as well as giant steps of rationalization. And in these situations they've seen the unions and works councils fight for best possible conditions for the employees.

Important differences also exist between the national legislations regulating the employee – employer relationship. Vaida Kurseviciene of Legal & Compliance, Danske Bankas Lithuania, gave a presentation on the Lithuanian legislation concerning the relationship between employees and employer – a legislation which has not been updated for quite some time, which also means that it will most likely be revised if a concrete case challenges

the formulations. The formulations in the legislation included a couple of surprises for most of the participants: In Lithuania a works council has the right to call and lead a strike. And if a trade union is already established within a company a works council can not be established. And perhaps even more stunningly: The way the legislation is formulated today a works council cannot be established in Danske Bankas Lithuania, since it is a branch of the Danske Bank Group, and the law states that only one Works Council can exist per institution. More than one participant wondered if this legislation has taken the globalised world of businesses and the finance sector, where a “branch” might have thousands of employees covering a whole nation, into account.

CONCRETE EXAMPLES AND ASSISTANCE

Legislation aside it is easy to see that the creation of national Works Councils or local employee associations is not a short logical step away from election of representatives to the Danske Bank Group European Works Council which took place in Danske Bank in Lithuania, Latvia and Estonia late last year. And the EWC-members from Lithuania and Latvia, Ausra Narbunte and Laura Znotina, could both confirm that a main reason that it is not a short logical step, is that the employees do not have any concrete knowledge of what a body like this could do for them. That the employees do not have any faith in the efficiency of such bodies is a central aspect of this.

The seminar and the debate could easily have stopped here, knowing that the employees generally feel that they can take up the issues that they want to with their local management and that they

do not seem to feel any immediate need for collective representation. But as the surveys made by the two Baltic EWC-members showed, the employees have a view, that they need what collective employee representation – in its “ideal” form – could bring them. And even though the surveys were not scientifically conducted, they gave food for thought and discussion.

For this reason the last part of the seminar was spend on giving concrete examples of what collective talks with management can bring. And it was decided that more concrete examples that the Lithuanian and Latvian EWC-members and their colleagues can relate to, should be given. Senior Vice President of Danske Bank Group-HR, Bent Jespersen, underlined that when becoming part of Danske Bank, the employees also became part of a company appreciating the co-operation, good relations and continuous dialogue between employees and employer and a company with long traditions of co-operation with unions. Bent Jespersen also stressed, that Group-HR is ready to support any initiative of forming employee representative bodies – whether it is a local trade union or works council – that the employees in Lithuania, Latvia or Estonia have. “But the initiative has to come from the employees” he said.

FIELD STUDY?

To give even more concrete and hands on knowledge regarding the employee representative work, an invitation make a visit of whatever length needed to Danske Kreds (the local Danish trade union within Danske Bank) was given to the Lithuanian and Latvian EWC-members. And the interest is there. So perhaps a field study of employee representation is under way.